

Audit Plan FY 2015

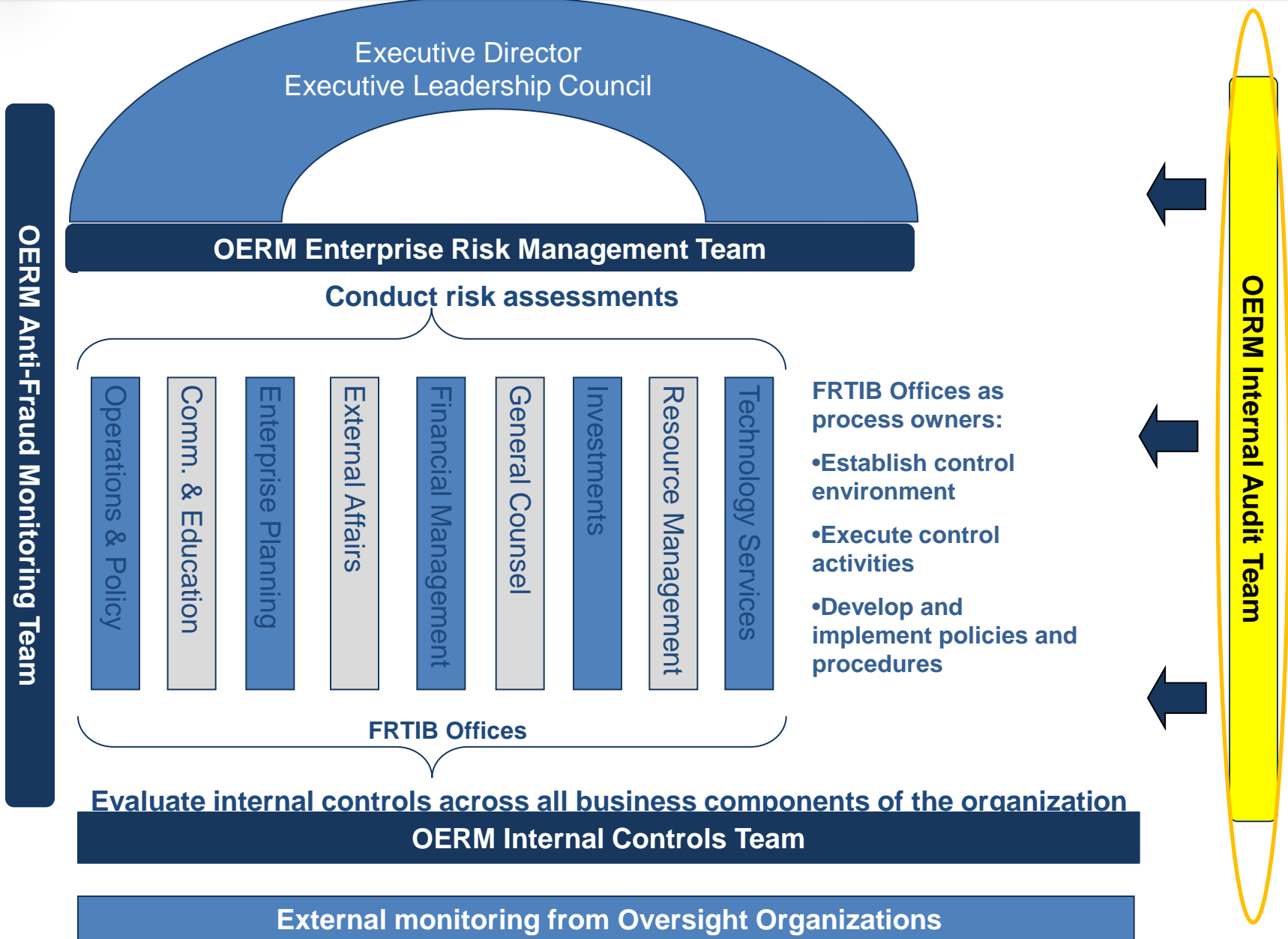
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Overview

- The Federal Retirement Thrift Investment Board (FRTIB) Internal Audit Division was established in October 2014 with the approval of the Internal Audit Charter.
- The FY 2015 Audit Plan marks the first official Audit Plan for FRTIB and outlines this year's internal audit activities.

Our Integrated Approach to Manage Risk





Risk Management “Lines of Defense”



1st Line of Defense

Management

- Primary accountability for identifying, measuring, managing and mitigating risks
- Promote strong risk and control culture
- Implement governance and oversight, within specific businesses and across the enterprise

2nd Line of Defense

Risk and Control Functions

- Act as independent set of eyes and trusted advisor to help management operate more effectively as a 1st line of defense
- Advise/Consult/Oversee/Monitor
- Close and continuous relationships
- Mapping of key business operations
- Evaluation of design of controls
- Identifying and tracking gaps
- Policy and procedure development, modification and implementation
- Drive technology risk and associated reporting
- Privacy and info. security programs

3rd Line of Defense

Internal Audits

- Independently, objectively and systematically review and test the effectiveness of the control environment
- Identify, escalate and report risk and control deficiencies
- Perform risk-based assurance testing on remediation action plans
- Keep the ELC and the Board fully informed about any deficiencies noted in FRTIB's programs and operations and opportunities for improvement
- Formal engagement with the Board
- Monitoring and tracking corrective actions to address findings and recommendations



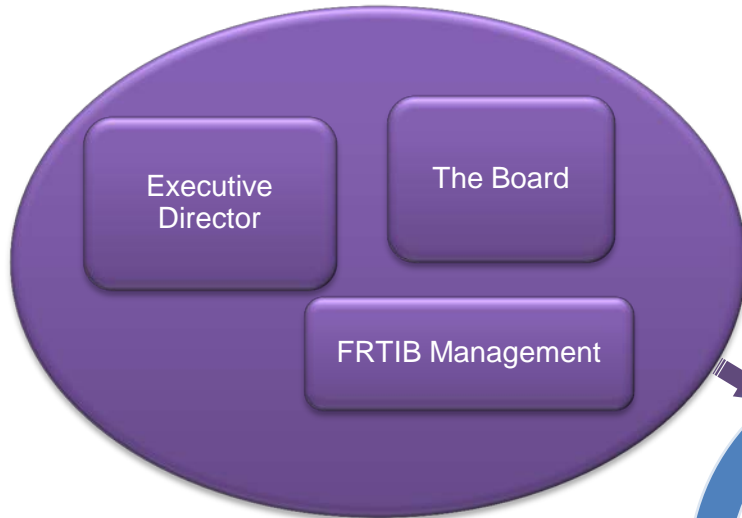
Internal Audit Lifecycle



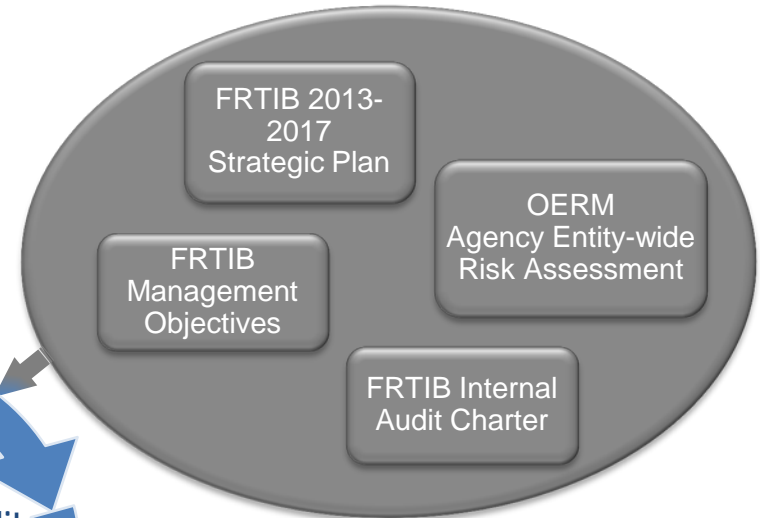


Audit Plan Development Inputs

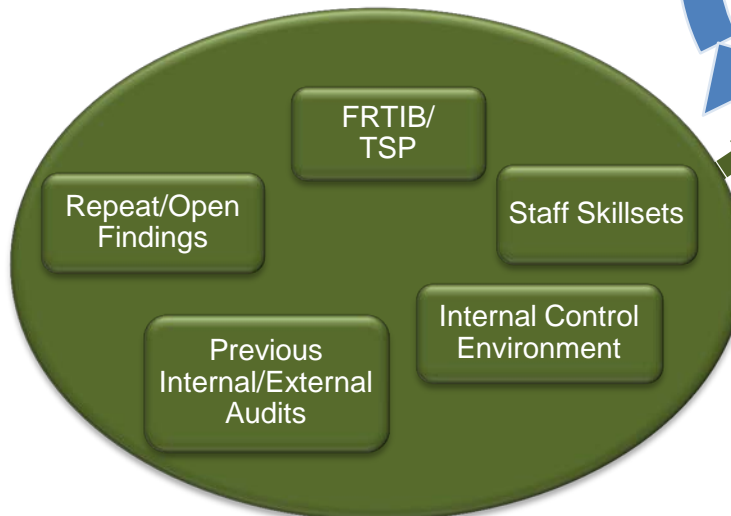
Governance



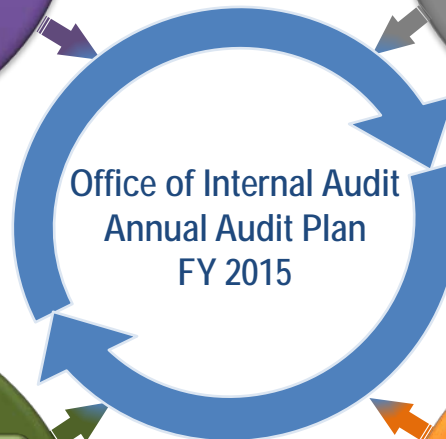
Risk Assessment



Operations



Oversight/Compliance





Internal Audit Risk Assessment Methodology

Assessment of Auditable Areas:

- Examine FRTIB key business processes and activities (as identified by the FRTIB Key Business Processes)
- Participate in risk discussions with ELC and FRTIB management to identify audit considerations

Evaluation of Applicable Risk:

- Assess operational risks
- Leverage OERM's Agency Entity-wide Risk Assessment
- Review industry risks / best practices

Development of Plan:

- Assign risk rating based on criteria established:
 - Impact on FRTIB's mission and/or financial impact
 - Organizational changes / concerns
 - Ongoing audits
- Create Plan based on audit resources



Proposed Audits for FY 2015

Audit	Office(s) involved	Objective	Linkage to Strategic Goals
TSP Daily Investment Processing	Office of Financial Management	Evaluate the design and operating effectiveness of controls surrounding the daily investment cycle.	3,4
Manual Adjustments	Office of Participant Operations & Policy	Assess the internal control environment over manual adjustments to TSP transactions.	3, 4
Procurement and Contract Management	Office of Financial Management	Evaluate the process for the procurement of goods and services by the FRTIB.	2,3
Vendor Management	Various	Examine how third-party contractors are evaluated, supervised, and managed throughout the life of the contract.	3

Strategic Goals

- 1 We help people retire with dignity.
- 2 We ensure that FRTIB is a great place to work.
- 3 We pursue flawless operations.
- 4 We maintain excellent relationships with entities that oversee, regulate, govern, and influence the TSP.



Next Steps

- Obtain Board and Executive Director's approval of the FY 2015 Audit Plan
- Execute agreed-upon audits
- Report on audit results (interim status and final results)